

REAL PROPERTY ASSESSMENT DIVISION

ASSESSMENT TRAINING

BOARD OF REVIEW

5/25/2023

Systematic Mass Appraisal Expertise

The assessor's ultimate goal is a transparent, accurate, fair and equitable assessment for every property.

taxpayer's interest = community interest
(not over valued) (not under valued)

Systematic Mass Appraisal Expertise

The Real Property Assessment Division (The Division) was awarded the **Certificate of Excellence in Assessment Administration (CEAA)** from the IAAO in 2018.

The CEAA recognizes jurisdictions that utilize best appraisal and assessment practices in their offices.

Staff

- Each appraiser values between 7,000 and 14,000 parcels annually.
- The Division valued over 75,000 parcels this year.
- The Division has well trained, experienced staff who take great pride in their work.
- The staff must follow the county code, industry standards, and accepted appraisal and assessment methodology.
- Professional staff complete at least 14 hours of continuing education per year which is equivalent to our private sector counterparts.

Staff

Professional staff are members of the International Association of Assessing Officers (IAAO)

IAAO Mission Statement

IAAO is a global community of diverse mass appraisal professionals advancing fair and equitable property appraisal, assessment administration, and property tax policy through professional development, research, standards, and technical assistance.

Staff are unbiased, follow the Maui County Code, and adhere to ethical standards.

Staff

Assessor – Marcy Martin, AAS

- 9 years of private appraisal experience
- 21 years of assessment experience
- Assessment Administration Specialist (AAS) designation from the International Association of Assessing Officers (IAAO) – recognizes professionalism and competency in administration of a variety of functions for property tax purposes.
- State of Hawaii Certified Residential Appraiser since 1994, licensed since 1992

Staff

Melvina Kanaha, Supervising RP Tax Clerk

- 32 years of experience

Appraisal Supervisors

- 25 combined years of assessment experience

Kari Stockwell, Property Technical Officer

- 15 years of assessment experience

Staff

The Division defended 96% of the valuation in dispute last year.

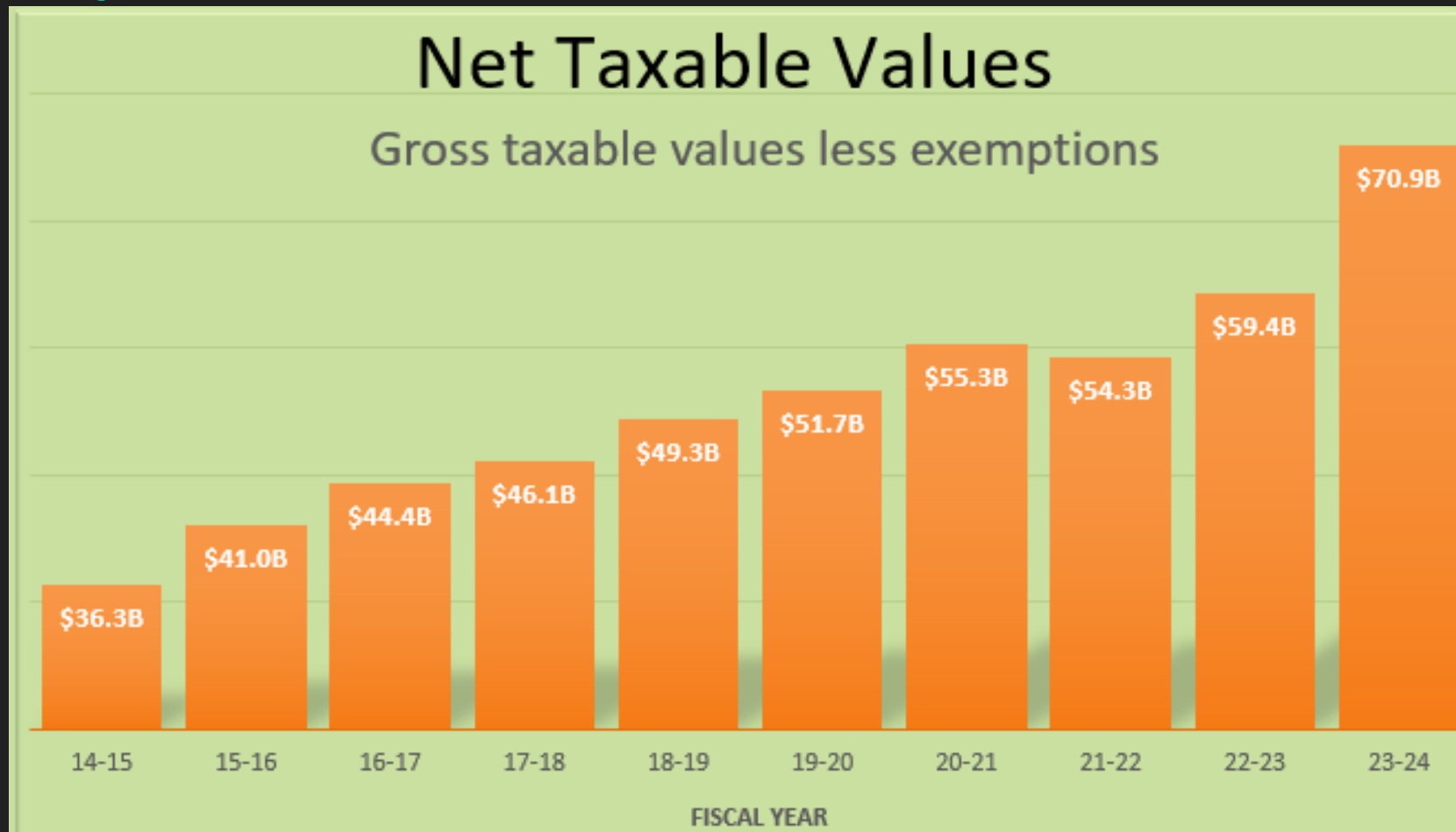
- 54 Settled
- 32 Withdrawn
- 1,221 Division won at BOR
- 19 Value reductions at BOR

Market Conditions for the 2023 Assessment

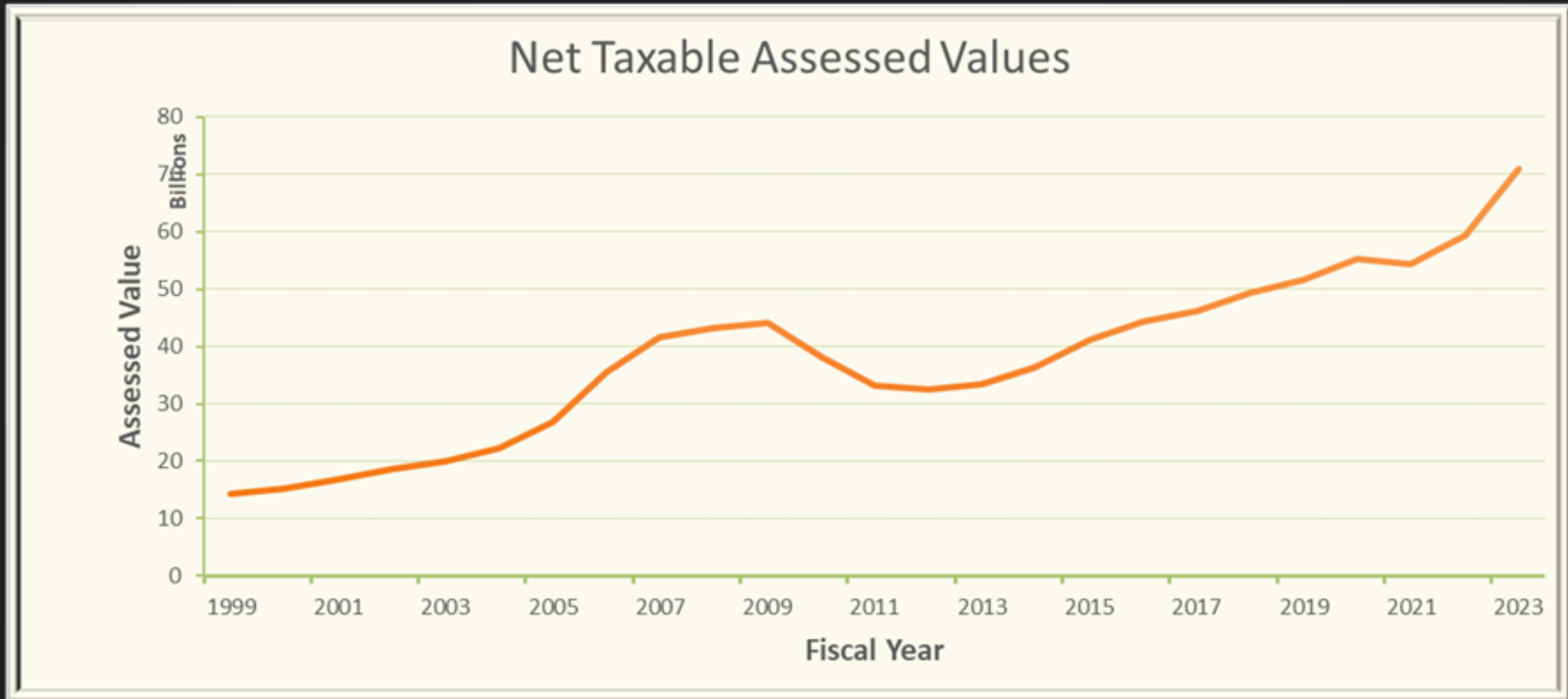
Values have increased dramatically over the past two years due to high demand for real estate.

- Assessed values are as of June 30, 2022.
- Values were derived using recent, similar sales that recorded up to 6/30/22.
- Sales between 1/1/22 and 6/30/22 (most recent 6 months of sales) were given most weight due to the increasing market conditions.

Market Conditions for the 2023 Assessment

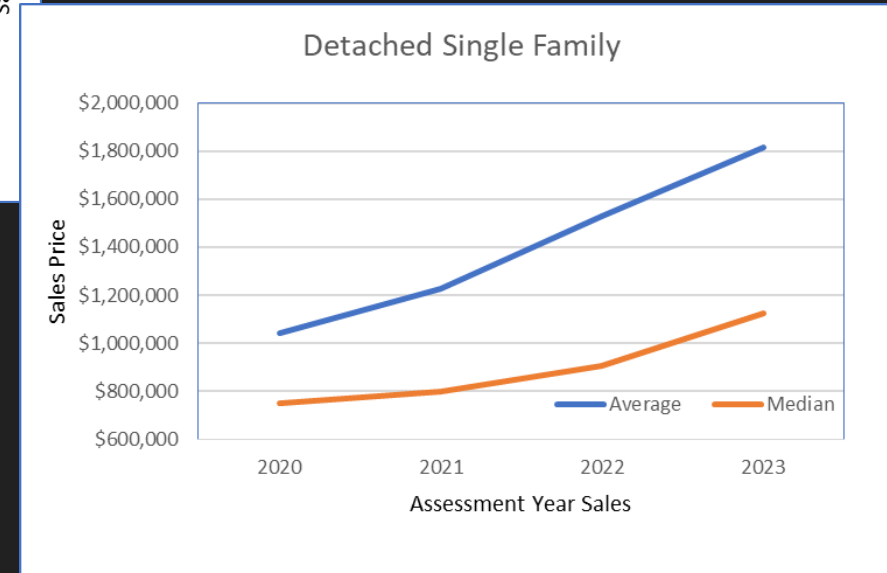
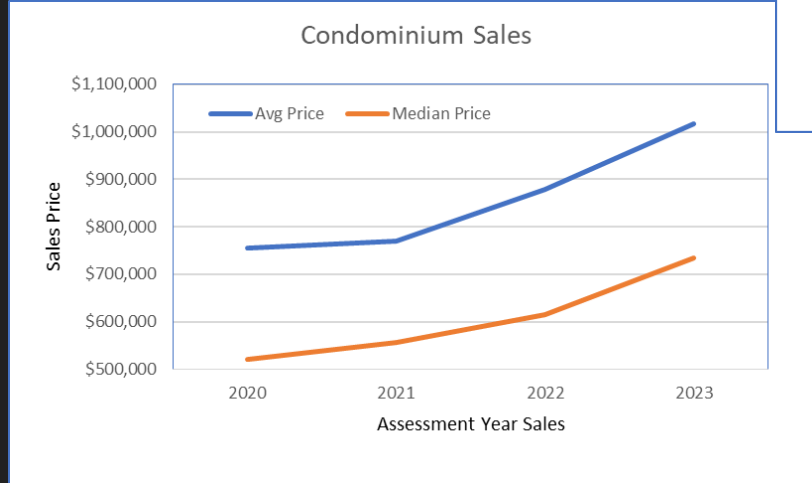


Market Conditions for the 2023 Assessment



Market Conditions for the 2023 Assessment

Assessed values follow sales data.



Market Conditions for the 2023 Assessment

The charts in the prior slides show a compilation of market data indicating value increases. Actual sales and resales (paired sales) are used to derive upward market condition adjustments.

For example, this non-owner-occupied condominium unit in Wailea sold 3 times in one month for a total price increase of \$532,000 or 33%.

- The assessed value will be closer to the most recent sale as opposed to the first sale.

| Sale Date | Price | % Change | Assessed Value |
|-----------|-----------|----------|----------------|
| 7/2/2021 | 1,598,000 | | |
| 7/13/2021 | 1,950,000 | 22% | |
| 7/22/2021 | 2,130,000 | 9% | 2,148,850 |

Market Conditions for the 2023 Assessment

These sales and resales of the same TMK, during the current sales period, illustrate increasing sales prices. This shows the importance of weighting recent sales.

[illegible]

Market Conditions for the 2023 Assessment

| Location | Comp # | 1st Sale Date | 2nd Sale Date | 1st Sale Price | 2nd Sale Price | \$ change | % Change | Change per month | Assessed Value | 1st Sale Ratio | 2nd Sale Ratio |
|------------|--------|---------------|---------------|----------------|----------------|-----------|----------|------------------|----------------|----------------|----------------|
| Up Country | 1 | 7/30/2021 | 10/29/2021 | 729,000 | 925,000 | 196,000 | 27% | 9% | 985,660 | 1.35 | 1.07 |
| Kaanapali | 2 | 8/13/2021 | 1/12/2022 | 1,430,000 | 1,800,000 | 370,000 | 26% | 5% | 1,814,500 | 1.27 | 1.01 |
| Wailuku | 3 | 11/24/2021 | 2/14/2022 | 225,000 | 420,000 | 195,000 | 87% | 32% | 409,770 | 1.82 | 0.98 |
| Wailea | 4 | 8/2/2021 | 3/4/2022 | 5,995,000 | 7,900,000 | 1,905,000 | 32% | 4% | 7,902,600 | 1.32 | 1.00 |
| Wailea | 5 | 9/28/2021 | 4/11/2022 | 1,000,000 | 1,400,000 | 400,000 | 40% | 6% | 1,368,940 | 1.37 | 0.98 |
| Lahaina | 6 | 10/29/2021 | 4/18/2022 | 1,266,150 | 1,650,000 | 383,850 | 30% | 5% | 1,708,810 | 1.35 | 1.04 |
| Kihei | 7 | 10/21/2021 | 6/1/2022 | 662,500 | 830,000 | 167,500 | 25% | 3% | 815,290 | 1.23 | 0.98 |
| Kihei | 8 | 9/20/2021 | 6/6/2022 | 480,000 | 585,000 | 105,000 | 22% | 3% | 608,810 | 1.27 | 1.04 |
| Kihei | 9 | 9/1/2021 | 6/23/2022 | 520,000 | 685,000 | 165,000 | 32% | 3% | 597,880 | 1.15 | 0.87 |
| Average | | | | | | | 36% | 8% | | 135% | 100% |
| Median | | | | | | | 30% | 5% | | 132% | 100% |

Market Conditions for the 2023 Assessment

- The valuation date for the 2023 assessment is June 30, 2022.
 - The Division must use the most recent, similar sales to derive assessments for January 1, 2023.
- MCC requires that properties be valued at fair market value.
- If you refer back to page 15, the ratios from the 1st sale column do not meet code requirements (+/- 20% of market value).
 - These properties would be over assessed by an average of +35% and a median of +32%.

Market Conditions for the 2023 Assessment

- The ratios from the 2nd sale column meet assessment and appraisal standards as well as requirements of the Maui County Code.
- Staff must follow the code.
- To meet uniformity requirements, every property must be valued as of the same date.
- If you review the ratios, you will see that the oldest sale (comp 1) has the highest ratio.
 - Data shows us that values increased between 10/21/2021 and 6/30/2022 (comps 3, 6, 7).

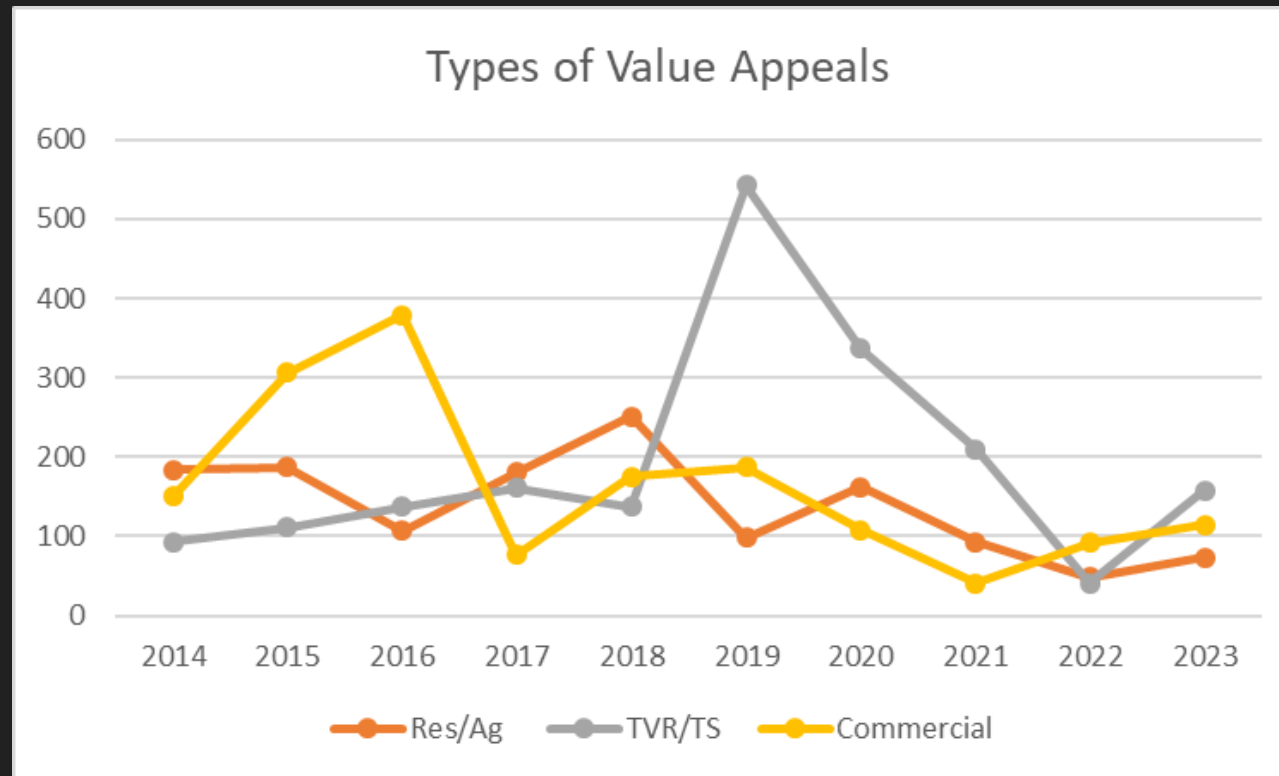
MCC 3.48.290 Fair Market Value

Assessed values were well received this year.

| | | | | | Value Appeal Class Breakdown | | |
|------|--------------|----------------------|-------------------------|---------------------------------------|------------------------------|--------|------------|
| Year | Parcel Total | Total Value Increase | Number of Value Appeals | Percent of parcels with value appeals | Res/Ag | TVR/TS | Commercial |
| 2014 | 71,907 | 9% | 427 | 0.6% | 184 | 93 | 150 |
| 2015 | 71,992 | 13% | 604 | 0.8% | 187 | 111 | 306 |
| 2016 | 72,421 | 8% | 623 | 0.9% | 107 | 137 | 379 |
| 2017 | 73,418 | 4% | 419 | 0.6% | 181 | 161 | 77 |
| 2018 | 74,000 | 7% | 563 | 0.8% | 251 | 137 | 175 |
| 2019 | 74,471 | 5% | 828 | 1.1% | 98 | 543 | 187 |
| 2020 | 74,456 | 7% | 607 | 0.8% | 162 | 337 | 108 |
| 2021 | 74,845 | -2% | 344 | 0.5% | 93 | 210 | 41 |
| 2022 | 75,018 | 9% | 181 | 0.2% | 48 | 41 | 92 |
| 2023 | 75,320 | 20% | 345 | 0.5% | 73 | 158 | 114 |

MCC 3.48.290 Fair Market Value

The number of valuation appeals was typical this year.



MCC 3.48.290 Fair Market Value

The director must cause the fair market value of all taxable real property to be determined and annually assessed by the market data and cost approaches to value using appropriate **systematic methods** suitable for mass valuation of properties for taxation purposes, so selected and applied to obtain, as far as possible, **uniform and equalized assessments** throughout the County.

MCC 3.48.290 Fair Market Value

Fair market value A.K.A market value:

If the property had one owner, what would it sell for on June 30, 2022?

MCC 3.48.630

“The assessment made by the director shall be deemed prima facie correct.” (Accepted as correct until proven otherwise).

BOR presentations are made when The Division has reviewed the assessment and determined that it meets the requirements of the code.

MCC 3.48.605 Ground for appeal - Level

Taxpayers can appeal their assessed value if they think it is too high.

- Value should not exceed market value by more than 20%
 - Assessments within the 1% to 20% range will be defended by The Division
- Assessed values and appraisals are opinions
 - Ranges of sale prices and values are expected
 - The real estate market is imperfect and is driven by scarcity

MCC 3.48.605 Grounds for appeal - Level

How do you determine if a property exceeds market value by +20%?

Taxpayer declares a value of \$900,000

Parcel A is assessed for \$990,000

Assessment to taxpayer value ratio $\$990,000 / \$900,000$ is 1.10 or **+10%**

CONCLUSION: Per MCC Parcel A is not over assessed by 20% and therefore is not deemed aggrieved by an assessment.

MCC 3.48.605 Grounds for appeal - Level

This year there are **93** appeals (27% of the value appeals) where the taxpayer believes that we are correct within 20%.

The Division must take these appeals to hearing as they have not met the requirements of the Maui County Code grounds for appeal (assessment greater than 20%).

MCC 3.48.605 Grounds for appeal - Level

How do you determine if a property exceeds market value by +20%?

Comparable sales indicate a value of \$900,000

Parcel B is assessed for \$1,100,000

Assessment to market value ratio $\$1,100,000 / \$900,000 = 1.22$ or +22%

CONCLUSION: Per MCC, Parcel B is over assessed by more than 20% and is therefore deemed aggrieved by an assessment.

MCC 3.48.605 Grounds for appeal - Uniformity

A lack of uniformity occurs when:

- The Division has made an error
 - Every property that is 2 acres is valued as 2 acres. One property that is 2 acres is valued as if it has 20 acres
- The Maui County Code was not followed
- The provisions of the Maui County Code were not applied uniformly

MCC 3.48.605 Grounds for appeal - Uniformity

Taxpayer must show that similar properties are assessed at a lower level than their property.

- This is done by presenting assessments of similar properties.
- If a taxpayer is presenting market data such as sales, they are not appealing uniformity, they are appealing value.
- The standard is more than 10% different than the identical property.

The Division will settle if they find that a property under appeal has not been assessed uniformly.

MCC 3.48.150 Uniformity - Leasehold

Per MCC 3.48.150 real property is assessed in its entirety.

- Assessed as if one owner (one ownership position).

Timeshare properties have many ownership positions.

Leasehold properties have at least two ownership positions

- Leased fee owner (collects ground rent)
- Leasehold owner (pays ground rent)

MCC 3.48.150 Uniformity - Leasehold

Example:

The Whaler in Kaanapali has three identical 2 bedroom ocean view units

1. #204 is leasehold (leased fee owner and leasehold owner)
2. #205 is fee simple (one owner)
3. #206 is a timeshare (25 owners)

All three units will have the same assessed value (regardless of ownership).

The condominium parcels are uniformly assessed.

Thank you

Do you have any questions?